



SEMBCORP MARINE LTD & ITS SUBSIDIARIES
Registration Number: 196300098Z

FIRST QUARTER 2008 FINANCIAL STATEMENTS ANNOUNCEMENT

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SEMBCORP MARINE LTD
First Quarter Financial Statements
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | | + / (-) % |
|--|-------------------|-------------------|--------------|
| | 1Q 2008 \$'000 | 1Q 2007 \$'000 | |
| Turnover | 916,118 | 953,743 | (3.9) |
| Cost of sales | (819,350) | (873,299) | (6.2) |
| Gross profit | 96,768 | 80,444 | 20.3 |
| Other operating income | 12,220 | 7,844 | 55.8 |
| Other operating expenses | (6,557) | (92) | 7,027.2 |
| General and administrative expenses | (22,967) | (14,095) | 62.9 |
| Operating profit | 79,464 | 74,101 | 7.2 |
| Dividend and interest income | 5,663 | 3,473 | 63.1 |
| Finance costs | (4,140) | (3,181) | 30.1 |
| Non-operating income | - | 624 | n.m. |
| Non-operating expenses | - | (875) | n.m. |
| Share of results of associated companies and joint ventures | 34,159 | 10,521 | 224.7 |
| Profit before tax | 115,146 | 84,663 | 36.0 |
| Taxation | (20,679) | (9,533) | 116.9 |
| Profit after taxation | 94,467 | 75,130 | 25.7 |
| Attributable to: | | | |
| Shareholders of the Company | 91,339 | 73,738 | 23.9 |
| Minority Interests | 3,128 | 1,392 | 124.7 |
| | 94,467 | 75,130 | 25.7 |
| Attributable to Shareholders of the Company excluding non-operating items and prior years' tax under/over-provision | 91,348 | 68,977 | 32.4 |
| Earnings per share (cents) | | | |
| Basic | 4.41 | *3.59 | 22.8 |
| Diluted | 4.38 | *3.56 | 23.0 |

*Adjusted for two Bonus Shares for every five existing ordinary shares in financial year 2007.

(a)(ii) items, which if significant must be included in the income statement.

| | Group | | |
|---|----------|----------|---------|
| | 1Q 2008 | 1Q 2007 | + / (-) |
| | \$'000 | \$'000 | % |
| Investment income | 3 | - | n.m. |
| Interest income | 5,660 | 3,473 | 63.0 |
| Interest expenses | (4,140) | (3,181) | 30.1 |
| Depreciation and amortisation | (15,770) | (14,128) | 11.6 |
| Write-back of doubtful debts/bad debts, net | - | 2 | n.m. |
| Allowance for stock obsolescence, net | (79) | (16) | 393.8 |
| Foreign exchange (loss)/gain, net | (6,271) | 564 | n.m. |

| | Group | | |
|---|---------|---------|---------|
| | 1Q 2008 | 1Q 2007 | + / (-) |
| | | | % |
| Profit after taxation as a percentage of Turnover | 10.31% | 7.88% | 30.8 |
| Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period | 5.78% | 4.94% | 17.0 |

n.m. : not meaningful

Notes:

| | Group | |
|--|---------|---------|
| | 1Q 2008 | 1Q 2007 |
| | \$'000 | \$'000 |
| (i) Under/(over)-provision of tax in respect of prior years, net | 9 | (5,012) |
| (ii) Gain on disposal of fixed assets, net | 16 | - |
| (iii) Non-operating income: | | |
| Gain on disposal of subsidiary company | - | 624 |
| (iv) Non-operating expenses: | | |
| Depreciation of asset previously held for sale | - | (875) |
| (v) The higher general and administrative expenses is mainly due to higher personnel related costs as a result of an increase in the number of projects undertaken by the Group. | | |

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2008 \$'000 | 31-Dec-2007 \$'000 | 31-Mar-2008 \$'000 | 31-Dec-2007 \$'000 |
| Balance Sheets | | | | |
| Non Current Assets | | | | |
| Fixed assets | 678,776 | 675,585 | 113,755 | 114,423 |
| Investment Properties | - | - | 55,655 | 55,950 |
| Investment in subsidiary companies | - | - | 634,124 | 631,243 |
| Investment in associated companies and joint ventures | 230,289 | 205,502 | 107,370 | 109,161 |
| Other long-term investments | 453,298 | 689,554 | 289,668 | 435,353 |
| Long-term trade debtors | 20,570 | 21,400 | 20,570 | 21,400 |
| Long-term other debtors | 16,681 | 17,001 | 229,693 | 229,693 |
| Intangible assets | 7,223 | 7,589 | 122 | 122 |
| Total Non-Current Assets | 1,406,837 | 1,616,631 | 1,450,957 | 1,597,345 |
| Current Assets | | | | |
| Stocks and work-in-progress | 1,188,078 | 1,560,709 | - | - |
| Trade debtors | 380,199 | 450,714 | 10,233 | 22,588 |
| Other debtors, deposits and prepayments | 100,073 | 81,463 | 23,234 | 20,718 |
| Derivative financial assets | 74,099 | 12,853 | - | - |
| Fixed deposits | 1,222,808 | 526,558 | 18,128 | 67,508 |
| Bank and cash balances | 266,601 | 213,919 | 5,765 | 6,574 |
| Total Current Assets | 3,231,858 | 2,846,216 | 57,360 | 117,388 |
| Current Liabilities | | | | |
| Trade creditors | 1,386,974 | 1,384,701 | 11,768 | 15,430 |
| Other creditors and provisions | 18,689 | 72,569 | 99,305 | 110,826 |
| Progress billings in excess of work-in-progress | 958,721 | 564,608 | - | - |
| Borrowings | 226,562 | 259,800 | - | - |
| Derivative financial liabilities | 1,571 | 731 | - | - |
| Provision for taxation | 122,359 | 115,014 | 3,150 | 2,830 |
| Total Current Liabilities | 2,714,876 | 2,397,423 | 114,223 | 129,086 |
| Net Current Assets/(Liabilities) | 516,982 | 448,793 | (56,863) | (11,698) |
| Total Assets less Current Liabilities | 1,923,819 | 2,065,424 | 1,394,094 | 1,585,647 |
| Non-Current Liabilities | | | | |
| Long term borrowings | 179,888 | 181,869 | 149,888 | 149,869 |
| Deferred taxation | 126,423 | 168,738 | 69,642 | 95,850 |
| Hire purchase creditors | 1,599 | 1,599 | - | - |
| Other provisions | 7,389 | 7,502 | 2,895 | 2,895 |
| Total Non-current Liabilities | 315,299 | 359,708 | 222,425 | 248,614 |
| | 1,608,520 | 1,705,716 | 1,171,669 | 1,337,033 |
| Capital & Reserves | | | | |
| Share Capital | 443,347 | 442,549 | 443,347 | 442,549 |
| Reserves | 1,136,873 | 1,237,511 | 728,322 | 894,484 |
| | 1,580,220 | 1,680,060 | 1,171,669 | 1,337,033 |
| Minority interests | 28,300 | 25,656 | - | - |
| | 1,608,520 | 1,705,716 | 1,171,669 | 1,337,033 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 31-Mar-2008 | | As at 31-Dec-2007 | |
|-------------------|-------------|-------------------|-------------|
| Secured | Unsecured | Secured | Unsecured |
| 12,000,000 | 214,562,000 | 12,000,000 | 247,800,000 |

Amount repayable after one year

| As at 31-Mar-2008 | | As at 31-Dec-2007 | |
|-------------------|-------------|-------------------|-------------|
| Secured | Unsecured | Secured | Unsecured |
| 30,000,000 | 149,888,000 | 32,000,000 | 149,869,000 |

Details of Collateral

Borrowing amounting to \$42,000,000 is secured on corporate guarantee from a subsidiary company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | |
|---|------------------|----------------------|
| | 1Q 2008 | 1Q 2007 |
| | \$'000 | \$'000 (Restated) |
| Cash flow from operating activities: | | |
| Operating profit | 79,464 | 74,101 |
| Adjustments for: | | |
| Depreciation of fixed assets, net | 15,372 | 13,233 |
| Gain on disposal of fixed assets, net | (16) | - |
| Share-based payment expenses | 2,829 | 2,018 |
| Fair value adjustment of financial instruments | (5,614) | (2,251) |
| Amortisation | 398 | 20 |
| Operating cash flow before changes in working capital | 92,433 | 87,121 |
| Decrease in debtors | 53,109 | 912 |
| Decrease/(increase) in stocks and work-in-progress | 766,744 | (234,393) |
| (Decrease)/increase in creditors | (49,559) | 146,181 |
| Cash generated from/(used in) operations | 862,727 | (179) |
| Investment and interest income received | 5,460 | 3,772 |
| Interest paid | (3,957) | (4,472) |
| Income taxes paid | (6,755) | (3,698) |
| Net cash provided by/(used in) operating activities | 857,475 | (4,577) |
| Cash flow from investing activities: | | |
| Proceeds from disposal of a subsidiary company, net | - | 3,208 |
| Purchase of fixed assets | (24,166) | (22,425) |
| Capital refund from an associated company | - | 52 |
| Proceeds from sale of fixed assets | 16 | 8 |
| Net cash used in investing activities | (24,150) | (19,157) |
| Cash flow from financing activities: | | |
| Repayment of hire purchase creditors | (161) | (106) |
| Repayment of bank loans | (227,256) | (56,115) |
| Proceeds from bank loans | 182,759 | 18,811 |
| Proceeds from issue of new shares by the Company | 798 | 3,722 |
| Purchase of Treasury shares | (50,326) | - |
| Dividend paid by a subsidiary company to minority shareholder | - | (2,958) |
| Net cash used in financing activities | (94,186) | (36,646) |
| Net increase/(decrease) in cash and cash equivalents | 739,139 | (60,380) |
| Cash and cash equivalents at beginning of period | 740,477 | 493,148 |
| Cash and cash equivalents at end of period | 1,479,616 | 432,768 |

The disposal of a subsidiary company in 1Q 2007 was shown as a single item. There was no disposal in 1Q 2008.

| | Group | |
|--|----------------|----------------|
| | 1Q 2008 | 1Q 2007 |
| | \$'000 | \$'000 |
| Fixed assets | - | (578) |
| Investment in associated company | - | (2,099) |
| Stocks and work-in-progress | - | (1,036) |
| Debtors | - | (18,390) |
| Other assets | - | (26) |
| Bank and cash balances | - | (222) |
| Creditors | - | 17,374 |
| Bank overdraft | - | 577 |
| Provision for taxation and deferred taxation | - | 347 |
| Net assets disposed | - | (4,053) |
| Minority interests | - | 1,824 |
| Gain on disposal | - | (624) |
| Disposal consideration received | - | (2,853) |

The disposal of subsidiary company, net of cash was represented by:

| | | |
|---------------------------------------|---|-------|
| Cash received | - | 2,853 |
| Less: Bank and cash balances disposed | - | (222) |
| Add: Bank overdraft disposed | - | 577 |
| Net cash inflow | - | 3,208 |

Cash and cash equivalents included in the consolidated statement of cash flows comprise:

| | 1Q 2008 | 1Q 2007 |
|---------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Fixed deposit, bank and cash balances | 1,489,409 | 437,418 |
| Bank overdraft | (9,793) | (4,650) |
| | 1,479,616 | 432,768 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity for the period ended 31 March

| GROUP | Attributable to equity holders of the Company | | | | | | | | |
|---|--|-----------------|------------------|--------------------------------------|----------------|-----------------|------------------|--------------------|------------------|
| | Share capital | Treasury shares | Capital reserves | Foreign currency translation reserve | Other reserves | Revenue reserve | Total | Minority interests | Total Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q 2008 | | | | | | | | | |
| At 1 January 2008 | 442,549 | - | 14,084 | (18,304) | 506,393 | 735,338 | 1,680,060 | 25,656 | 1,705,716 |
| Foreign currency translation | - | - | - | (5,393) | - | - | (5,393) | (504) | (5,897) |
| Net fair value changes | - | - | - | - | (139,067) | - | (139,067) | - | (139,067) |
| Net income recognised directly in equity | - | - | - | (5,393) | (139,067) | - | (144,460) | (504) | (144,964) |
| Profit for the period | - | - | - | - | - | 91,339 | 91,339 | 3,128 | 94,467 |
| Total recognised income and expenses for the period | - | - | - | (5,393) | (139,067) | 91,339 | (53,121) | 2,624 | (50,497) |
| Issue of new shares - under Share Option Plan | 798 | - | - | - | - | - | 798 | - | 798 |
| Purchase of treasury shares | - | (50,326) | - | - | - | - | (50,326) | - | (50,326) |
| Re-issuance of treasury shares | - | 8,148 | (167) | - | (7,981) | - | - | - | - |
| Cost of share-based payment - charged to profit and loss account | - | - | - | - | 2,809 | - | 2,809 | 20 | 2,829 |
| At 31 March 2008 | 443,347 | (42,178) | 13,917 | (23,697) | 362,154 | 826,677 | 1,580,220 | 28,300 | 1,608,520 |

Statements of Changes in Equity for the period ended 31 March (cont'd)

Attributable to equity holders of the Company

| GROUP | Share capital | Capital reserves | Foreign currency translation reserve | Other reserves | Revenue reserve | Total | Minority interests | Total Equity |
|---|----------------|------------------|--------------------------------------|----------------|-----------------|------------------|--------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q 2007 | | | | | | | | |
| At 1 January 2007 | 418,631 | 14,419 | (12,055) | 206,729 | 710,615 | 1,338,339 | 31,884 | 1,370,223 |
| Foreign currency translation | - | - | 664 | - | - | 664 | (96) | 568 |
| Net fair value changes | - | - | - | 73,948 | - | 73,948 | - | 73,948 |
| Net income recognised directly in equity | - | - | 664 | 73,948 | - | 74,612 | (96) | 74,516 |
| Profit for the period | - | - | - | - | 73,738 | 73,738 | 1,392 | 75,130 |
| Total recognised income and expenses for the period | - | - | 664 | 73,948 | 73,738 | 148,350 | 1,296 | 149,646 |
| Issue of new shares - under Share Option Plan | 3,722 | - | - | - | - | 3,722 | - | 3,722 |
| Dividend paid to - minority shareholder | - | - | - | - | - | - | (2,958) | (2,958) |
| Disposal of subsidiary companies | - | - | - | - | - | - | (1,824) | (1,824) |
| Cost of share-based payment - charged to profit and loss account | - | - | - | 2,008 | - | 2,008 | 10 | 2,018 |
| At 31 March 2007 | 422,353 | 14,419 | (11,391) | 282,685 | 784,353 | 1,492,419 | 28,408 | 1,520,827 |

Statements of Changes in Equity for the period ended 31 March (cont'd)

| <u>COMPANY</u> | Share capital | Treasury shares | Capital reserves | Other reserves | Revenue reserve | Total Equity |
|--|----------------|-----------------|------------------|----------------|-----------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q 2008 | | | | | | |
| At 1 January 2008 | 442,549 | - | 960 | 347,065 | 546,459 | 1,337,033 |
| Net fair value changes | - | - | - | (119,477) | - | (119,477) |
| Net income recognised directly in equity | - | - | - | (119,477) | - | (119,477) |
| Profit for the period | - | - | - | - | 836 | 836 |
| Total recognised income and expenses for the period | - | - | - | (119,477) | 836 | (118,641) |
| Issue of new shares - under Share Option Plan | 798 | - | - | - | - | 798 |
| Purchase of treasury shares | - | (50,326) | - | - | - | (50,326) |
| Re-issuance of treasury shares | - | 8,148 | (167) | (7,981) | - | - |
| Cost of share-based payment - charged to profit and loss account - issued to employees of subsidiary companies | - | - | - | 614 2,191 | - | 614 2,191 |
| At 31 March 2008 | 443,347 | (42,178) | 793 | 222,412 | 547,295 | 1,171,669 |

| <u>COMPANY</u> | Share capital | Capital reserves | Other reserves | Revenue reserve | Total Equity |
|--|----------------|------------------|----------------|-----------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q 2007 | | | | | |
| At 1 January 2007 | | | | | |
| - As previously stated | 418,631 | 960 | 120,720 | 393,335 | 933,646 |
| - Changes in accounting policy | - | - | 8,498 | - | 8,498 |
| - As restated | 418,631 | 960 | 129,218 | 393,335 | 942,144 |
| Net fair value changes | - | - | 35,100 | - | 35,100 |
| Net income recognised directly in equity | - | - | 35,100 | - | 35,100 |
| Profit for the period | - | - | - | 9,525 | 9,525 |
| Total recognised income and expenses for the period | - | - | 35,100 | 9,525 | 44,625 |
| Issue of new shares - under Share Option Plan | 3,722 | - | - | - | 3,722 |
| Cost of share-based payment - charged to profit and loss account - issued to employees of subsidiary companies | - | - | 514 1,320 | - | 514 1,320 |
| At 31 March 2007 | 422,353 | 960 | 166,152 | 402,860 | 992,325 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued Share Capital

During 1Q 2008, the Company issued 516,150 (1Q 2007: 3,069,500) ordinary shares for cash upon the exercise of options granted under the Sembcorp Marine Share Option Plan (the "Plan"). As at 31 March 2008, the Company's issued and paid up capital comprises 2,071,371,470 (31 March 2007: 1,466,978,315) ordinary shares.

Share Options

During 1Q 2008, there is no share option (1Q 2007: Nil) granted under the Plan. As at 31 March 2008, there were 34,944,345 (31 March 2007: 39,581,775) unexercised options for unissued ordinary shares under the Plan.

The details of the Plan, which was started in 1991 as the Jurong Shipyard Limited Executives' Share Option Scheme, were set out in the financial statements of that year.

Performance Shares

During 1Q 2008, no (1Q 2007: Nil) performance shares granted under the Company's Performance Share Plan ("PSP"). The total number of performance shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 March 2008 was 2,905,000 (31 March 2007: 1,955,000).

Under the PSP, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, performance shares to be delivered at the end of the 3-year performance cycle will range from 0% to 150% of the original award.

During 1Q 2008, the Company released 1,627,500 (1Q 2007: Nil) performance shares to the participants for the performance period 2005 to 2007.

Restricted Shares

During 1Q 2008, no (1Q 2007: Nil) restricted shares were granted conditionally under the Company's Restricted Stock Plan ("RSP"). The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 March 2008 was 5,155,934 (31 March 2007: 1,196,045).

Under the RSP, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 130% of the original award.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting of three years after the performance period, during which one-third of the awarded shares are released each year.

During 1Q 2008, the Company released 687,653 (1Q 2007: Nil) restricted shares to the participants for the performance period 2006 to 2007, being partial release of the 2,079,272 restricted shares vested.

Treasury Shares

Pursuant to the Share Purchase Mandate at the Extraordinary General Meeting held on 20 April 2007, the Company purchased a total of 14,300,000 ordinary shares during 1Q 2008. The shares were purchased by way of market acquisition at prices ranging from S\$3.3614 to S\$3.7316 per share and the total consideration paid was S\$50,326,000. The share purchases were made out of the Company's capital and held as treasury shares for the purposes of fulfilling the Company's obligations under the Plan.

During 1Q 2008, the Company re-issued 2,315,153 treasury share pursuant to the PSP and RSP.

As at 31 March 2008, 11,984,847 treasury shares were held that may be re-issued upon the exercise of the options under the Plan, and upon the release of performance shares and restricted shares under the PSP and RSP respectively.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed. However, our auditors have performed certain procedures agreed with management. These procedures are substantially less in scope than an audit or a review performed in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| | Group 1Q 2008 | 1Q 2007 | +/(-)% |
|---|------------------|----------------|--------|
| Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders: | | | |
| (i) Based on the weighted average number of shares (cents) | 4.41 | *3.59 | 22.8 |
| Weighted average number of shares | 2,070,938,917 | *2,050,487,632 | 1.0 |
| (ii) On a fully diluted basis (cents) | 4.38 | *3.56 | 23.0 |
| Adjusted weighted average number of shares | 2,087,480,917 | *2,068,574,232 | 0.9 |

* Adjusted for two Bonus Shares for every five existing ordinary shares in financial year 2007.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

| | Group | | | Company | | |
|---|----------|----------|-------------|----------|----------|-------------|
| | Mar-2008 | Dec-2007 | + /(-) % | Mar-2008 | Dec-2007 | + /(-) % |
| Net asset value per ordinary share based on issued share capital at the end of the financial period (cents) | 76.29 | 81.13 | (6.0) | 56.56 | 64.56 | (12.4) |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on**

Review of Group Performance

1Q 2008 versus 1Q 2007

| | 1Q 2008 | 1Q 2007 | + /(-) | + /(-) |
|--------------------------------|--------------|--------------|---------------|--------------|
| | S\$m | S\$m | S\$m | % |
| Rig Building | 484.1 | 553.9 | (69.8) | (12.6) |
| Offshore and Conversion | 222.3 | 197.5 | 24.8 | 12.6 |
| Repair | 188.4 | 162.6 | 25.8 | 15.9 |
| Shipbuilding | 0.8 | 26.7 | (25.9) | (97.0) |
| Other Activities | 20.5 | 13.0 | 7.5 | 57.7 |
| Group Turnover | 916.1 | 953.7 | (37.6) | (3.9) |

Group turnover for 1Q 2008 decreased by 3.9% from \$953.7 million in 1Q 2007 to \$916.1 million primarily because of timing difference in the recognition of revenue from rig building contracts. This is offset by the higher revenue recognised from the offshore, conversion and repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 7.2% from \$74.1 million in 1Q 2007 to \$79.5 million in 1Q 2008.

Group pre-tax profits increased by 36.0% from \$84.7 million in 1Q 2007 to \$115.1 million. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses and better contribution from associated companies.

Group Profit Attributable to Members of the Company

Group attributable profits increased by 23.9% from \$73.7 million in 1Q 2007 to \$91.3 million.

Group tax charge in 1Q 2008 is significantly higher than 1Q 2007 mainly due to a \$5.0 million write-back of prior years' tax over-provision, arising from a 2% reduction in corporate income tax rate in 1Q 2007. Excluding this tax write-back last year and net non-operating items, Group attributable profit increased 32.4% from \$69.0 million in 1Q 2007 to \$91.3 million.

Review of Balance Sheet

Other long-term investments

Group 'Other long-term investments' decreased significantly mainly due to mark-to-market adjustments of quoted equity shares.

Stocks and work-in progress, Trade debtors and Progress billings in excess of work-in-progress

Group 'Stocks and work-in-progress' and "Trade debtors" decreased significantly and "Progress billings in excess of work-in-progress" increase significantly due to advances received from customers for rig building projects in progress.

Contingent liabilities

On 22 October 2007, the Company announced that its former Director, Group Finance, Mr Wee Sing Guan, had entered into various unauthorised foreign exchange transactions (the "Unauthorised Transactions") for the account of one of its wholly-owned subsidiary company, Jurong Shipyard Pte Ltd ("JSPL").

Subsequent to the year end, on 14 February 2008, the Company announced that JSPL had reached full and final settlement with 9 of the 11 banks involved, all strictly on a commercial basis, as JSPL deems it in its best interests to avoid incurring substantial time and expense to engage in complex litigation with these banks. All the commercial settlements were entered into without any admission on the part of JSPL or the banks as to whether the Unauthorised Transactions were valid or binding on JSPL.

An amount of S\$289.9 million paid to Societe Generale ("SG") is comprised of US\$83.5 million paid before the Unauthorised Transactions were uncovered in October 2007 and US\$115.4 million that was paid as a pre-condition for closing out of transactions with JSPL, subject to JSPL's right to a refund of the monies from SG if the dispute is resolved in JSPL's favour. In compliance with Singapore Financial Reporting Standards ("FRS"), the sum of S\$289.9 million had been expensed in the profit and loss account for the year ended 31 December 2007. As JSPL's position is that the underlying transactions with SG are not valid and binding, JSPL intends to recover the amounts paid to SG and if JSPL succeeds in doing so, there will be an inflow of funds to be recognised in the financial statements at that relevant point in time.

As JSPL's position is that it is not liable to BNP Paribas ("BNP") in relation to the Unauthorised Transactions, BNP's claim for US\$50.7 million has not been recognised in the financial statements as of 31 March 2008 but is disclosed as a contingent liability in compliance with FRS. Pursuant to a statutory demand given by BNP on 20 November 2007, JSPL made an application in court for an injunction to restrain the presentation of a winding up petition by BNP in respect of which hearings closed on 6 March 2008 with judgment being reserved.

As the disputes with SG and BNP regarding the Unauthorised Transactions are likely to be finally determined by the Court, the benefit of claiming a tax deduction for the amounts arising from the Unauthorised Transactions has not been shown in the financial statements. However, JSPL expressly reserves its position to claim the tax deduction at the relevant time.

The disputes relating to the Unauthorised Transactions with BNP and SG are on going.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no variance from the previous forecast.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group has a net order book of \$6.6 billion with completion and deliveries stretching till 2011.

Based on the scheduled completion of these projects, the Group expects FY 2008 to be a better year than FY 2007.

The fundamentals for the offshore market are expected to remain strong due to the positive growth in the global demand for oil and gas resulting in sustained high oil prices supporting continued exploration and production activities.

Demand for rig building continues to be strong with demand trending towards deepwater rigs. The positive outlook for the offshore production market will see increasing demand for fixed and floating production systems, including Floating Production Storage and Offloading (FPSO) units.

Ship repair business is expected to remain strong driven mainly by higher consumption of oil and commodities in Asia amid fears of a US slow down. Continuing demand for ship repair and dock space booking will benefit the Group.

The Group continues to benefit from the expected growth in all these sectors.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/(recommended), a statement to that effect

No dividend has been declared/(recommended) for this current period.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|--|--|------------------------------|------------------|------------------------|------------------|
| (a) By business segment: 1Q 2008 | | | | | |
| Turnover | | | | | |
| Sales to external parties | 901,826 | - | 14,292 | - | 916,118 |
| Inter-segment sales | - | - | 49,312 | (49,312) | - |
| Consolidated sales | 901,826 | - | 63,604 | (49,312) | 916,118 |
| Results | | | | | |
| Segment results | 77,314 | (14) | 2,164 | - | 79,464 |
| Dividend and interest income | 5,582 | - | 81 | - | 5,663 |
| Finance costs | (4,140) | - | - | - | (4,140) |
| Share of results of associated companies & joint venture | 31,616 | 2,522 | 21 | - | 34,159 |
| Profit before taxation | 110,372 | 2,508 | 2,266 | - | 115,146 |
| Taxation | (19,804) | (451) | (424) | - | (20,679) |
| Profit after taxation | 90,568 | 2,057 | 1,842 | - | 94,467 |
| Other information | | | | | |
| Capital expenditure | 24,166 | - | - | - | 24,166 |
| Depreciation | 15,121 | - | 251 | - | 15,372 |
| Amortisation | 398 | - | - | - | 398 |
| Other segment assets | 2,914,244 | 17,834 | 35,640 | - | 2,967,718 |
| Interest bearing assets | 1,414,396 | - | 21,355 | - | 1,435,751 |
| Investments in associated companies & joint venture | 215,804 | 14,082 | 403 | - | 230,289 |
| Tax recoverable | 4,558 | - | 379 | - | 4,937 |
| Total segment assets | 4,549,002 | 31,916 | 57,777 | - | 4,638,695 |
| Other segment liabilities | 2,342,871 | 10 | 29,578 | - | 2,372,459 |
| Interest bearing liabilities | 408,934 | - | - | - | 408,934 |
| Deferred taxation | 125,664 | - | 759 | - | 126,423 |
| Provision for taxation | 119,369 | 538 | 2,452 | - | 122,359 |
| Total segment liabilities | 2,996,838 | 548 | 32,789 | - | 3,030,175 |

Information by segment on Group operations (cont'd)

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|---|---|--------------------------------------|-------------------------|-------------------------------|------------------------|
| (a) By business segment: 1Q 2007 | | | | | |
| Turnover | | | | | |
| Sales to external parties | 947,089 | - | 6,654 | - | 953,743 |
| Inter-segment sales | - | - | 34,397 | (34,397) | - |
| Consolidated sales | 947,089 | - | 41,051 | (34,397) | 953,743 |
| Results | | | | | |
| Segment results | 71,883 | (56) | 2,274 | - | 74,101 |
| Dividend and interest income | 3,351 | 37 | 85 | - | 3,473 |
| Finance costs | (3,181) | - | - | - | (3,181) |
| Non-operating income | 624 | - | - | - | 624 |
| Non-operating expenses | (875) | - | - | - | (875) |
| Share of results of associated companies & joint venture | 10,473 | 39 | 9 | - | 10,521 |
| Profit before taxation | 82,275 | 20 | 2,368 | - | 84,663 |
| Taxation | (9,164) | (4) | (365) | - | (9,533) |
| Profit after taxation | 73,111 | 16 | 2,003 | - | 75,130 |
| Other information | | | | | |
| Capital expenditure | 22,425 | - | - | - | 22,425 |
| Depreciation | 14,094 | - | 14 | - | 14,108 |
| Amortisation | 20 | - | - | - | 20 |
| Other segment assets | 3,048,877 | 16,791 | 41,823 | - | 3,107,491 |
| Interest bearing assets | 403,084 | 4,303 | 4,627 | - | 412,014 |
| Investments in associated companies & joint venture | 147,489 | 5,635 | 2,109 | - | 155,233 |
| Tax recoverable | 1,689 | - | 496 | - | 2,185 |
| Total segment assets | 3,601,139 | 26,729 | 49,055 | - | 3,676,923 |
| Other segment liabilities | 1,611,805 | 14 | 18,312 | - | 1,630,131 |
| Interest bearing liabilities | 348,047 | - | 375 | - | 348,422 |
| Deferred taxation | 113,597 | - | 903 | - | 114,500 |
| Provision for taxation | 60,344 | 69 | 2,630 | - | 63,043 |
| Total segment liabilities | 2,133,793 | 83 | 22,220 | - | 2,156,096 |

Pricing of inter-segment sales and transfers are carried out on an arm's length basis.

(b) By geographical area

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

| | Singapore | Rest of Asia | Europe | Others | Eliminations | Total |
|---------------------------------|------------------|---------------------|---------------|---------------|---------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q 2008 | | | | | | |
| Revenue from external customers | 231,172 | 316,426 | 314,830 | 53,690 | - | 916,118 |
| Total segment assets | 4,245,269 | 377,504 | - | 15,922 | - | 4,638,695 |
| Capital expenditure | 15,127 | 9,014 | - | 25 | - | 24,166 |
| 1Q 2007 | | | | | | |
| Revenue from external customers | 242,181 | 158,187 | 501,762 | 51,613 | - | 953,743 |
| Total segment assets | 3,447,415 | 200,921 | - | 28,587 | - | 3,676,923 |
| Capital expenditure | 22,425 | - | - | - | - | 22,425 |

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

15. A breakdown of sales

Not applicable.

16. Interested Person Transactions

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)

| | 1Q 2008 | 1Q 2007 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Transaction for the Sales of Goods and Services | | |
| Keppel Corporation Ltd and its associates | 347 | 1,937 |
| Neptune Orient Lines Ltd and its associates | 1,630 | 7,585 |
| PSA International Pte Ltd and its associates | - | 190 |
| Transaction for the Purchase of Goods and Services | | |
| Keppel Corporation Ltd and its associates | 3,781 | 732 |
| Sembcorp Industries Limited and its associates | 7,068 | 6,248 |
| Management and Support Services | | |
| Sembcorp Industries Limited | 63 | 63 |
| Total Interested Person Transactions | 12,889 | 16,755 |

17. Confirmation by the Board

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the first quarter 2008 financial results to be false or misleading.

BY ORDER OF THE BOARD

**KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES**

7 MAY 2008